



The German Market for Digital Printing Systems

*Birgit Hesse
U.S. Commercial Service Germany
September 2005*

INTERNATIONAL COPYRIGHT, U.S. DEPARTMENT OF COMMERCE AND U.S. DEPARTMENT OF STATE, 2005. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

U.S. digital printing system manufacturers and suppliers interested in the German and European markets will find customers looking for innovative systems and products that allow them to act more flexibly and productively. Consumer and labor markets behavior and global markets for goods, services and finance underlie frequent, and often unpredictable, changes. They directly influence the demand for and design of printing and paper products. Manufacturers of digital printing systems everywhere in the world have to continuously meet new expectations.

German manufacturers of machinery, plant and equipment for the printing industry, and the converting and paper industry, are among the global leaders. Total German production of printing machinery, including pre-media, decreased by 3.1% from \$5.5 billion in 2003 to \$5.2 billion in 2004. Nevertheless, sales of digital printing systems increased by 7% to \$985 million in 2004. Exporting more than 80% of its production, the printing and paper technology industries are among the top export sectors of the German mechanical engineering industry. German firms exported printing machinery and equipment industry worth almost \$4.2 billion in 2004, of which \$788 million came from the digital printing sector, to over 170 foreign markets. The most important sales markets for the printing and paper industry have always been located in Western Europe and North America. The member states of the European Union alone consumed 42% of overall German printing industry exports in 2004. Top export markets were the United States (15%), the United Kingdom (7.6%) and France (5.8%).

From 2001 to 2003, the sector reported small but steady annual increases of 1% to 2.5%. And, as a result of the further slowdown of the German economy, the printing industry reported a decrease in 2004. Within the printing industry, the digital printing system sector was the only segment reporting an increase in sales and is the only growing printing sector in Germany. Industry specialists expect further growth in this sector, with a major impulse from small to medium-sized German printing houses investing heavily in new digital printing equipment. While the larger systems are mainly supplied by the German giants, Heidelberg and Koenig & Bauer, U.S. suppliers may well find windows of opportunity for smaller desktop systems, provided they can supply full maintenance and hotline services.

TABLE I: The German Market for Digital Printing Systems

	2003	2004	2005 (est.)
Imports	27.5	34	36
Production	799.5	951	969
Exports	639	788	794
Total Market	188	197	211
U.S. Imports	4.1	5.1	5.3

(in EUR Million)

The digital printing sector is expected to increase its market share at the expense of other technologies, such as Offset Litho and Desktop. Individual market-share forecasts differ but all follow the same general trend. A 2004 study performed by leading industry specialists provided the following market shares for print technologies:

Table II: Print Technologies Market Share in %

	2003	2005	2010
Offset Litho	59%	58%	57%
Gravure	20 %	21%	19%
Digital	7%	10%	16%
Desktop	5%	5%	4%
Others	9%	6%	4%

Exports and Imports

The German printing machinery industry offers a wide range of devices for printing and pre-media, and has managed to defend its top position in the global market. Germany accounts for 34% of all printing machinery exports, of which 5.1% come from the digital printing sector. Analysts expect that digital printing systems and printing machinery with direct imaging and non-impact technologies will play a major role in total exports in the coming years. These systems allow users to produce immediate, short-run color jobs, which would have been virtually impossible or excessively priced only a few years ago. A 2004 study published by the German Printing Association reported that 44% of all small to medium-sized German printing houses plan to invest in digital printing systems within the next two years. Regarding imports, German Federal Statistics Office reports total imports of printing machinery in 2004 amounted to \$198.4 million. This figure also includes the import of used machinery. U.S. suppliers accounted for \$29.7 million, or a 15% market share. Specifically, the following products were imported from the United States:

Table III: Best Prospects

8443 1100	Off-Set presses web-fed	EUR 0.8 million
8443 1200*	Off-set presses sheet-fed	EUR 1.2 million
8443 1931*	Off- set presses sheet-fed	EUR 0.5 million
8443 1935*	Off- set presses sheet-fed	EUR 0.15 million
8443 1990*	Off- set presses sheet-fed	EUR 0.45 million
8443 2900	Letterpresses sheet	EUR 2.9 million
8443 51-59	Ink jet printing sy-fed	EUR 0.25 million
8443 3000	Gravure proofing presses	EUR 18.3 million

*OffSet presses for sizes 22x36cm; 52x74 cm; 74x107 cm; and over

Competitive Situation

U.S. exporters of digital printing systems interested in the German and European markets will find customers looking for innovative capital goods that allow them to be more flexible and productive. U.S. suppliers of desktop or smaller mobile digital printing systems may find windows of opportunity if they remain price-competitive and offer full service with maintenance and a hotline. According to a recent study, every second small and medium-sized German firm plans to invest in digital printing in the near future. The two leading German competitors for U.S. companies in the printing industry are:

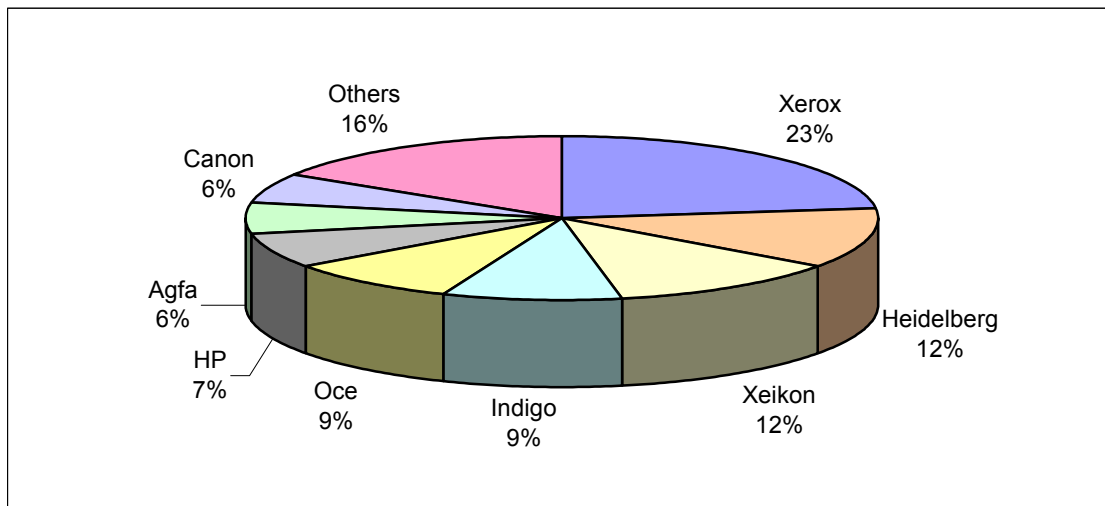
Heidelberger Druckmaschinen AG
Kurfürsten-Anlage 52-60
D-69115 Heidelberg
Tel: (011)(49) 6221-920
Fax: (011)(49) 6221-926999
E-mail : info@heidelberg.com
internet: www.heidelberg.com

and

KBA - Koenig und Bauer Druckmaschinen AG
Friedrich-Koenig-Strasse 4
D-97080 Würzburg
Tel: (011)(49)931-9090
Fax: (011)(49)931-9094101
E-mail: kba-wuerzburg@kba-print.de
Internet: www.kba-print.de

The following is a list of the leading suppliers of digital printing equipment in Germany by rank and market share:

Table IV: Leading Suppliers



Market Access

Apart from the innovative edge of the individual product, successful market entry depends on pricing, compliance with EU standards and regulations, and effective marketing. In view of the steep competition within Europe, U.S. companies should moderately price their products. It is also essential that the products, when appropriate, be labeled with the CE mark, which is a declaration from the manufacturer indicating that the product complies with all European Union Directives and Standards applicable to that product class. This mark also indicates the manufacturer's understanding of his/her responsibilities and liabilities.

Market Regulations, Standards and Law

For questions or information regarding the harmonization of regulations, standards and trading within the EU, please contact:

Single Internal Market Information Service
Office of European Community Affairs
Room H03036
International Trade Administration
U.S. Department of Commerce
Washington, DC 20230
Phone: 202-482-5823
Fax: 202-482-215
E-mail: tic@ita.doc.gov

In Europe, please contact:

U.S. Mission to the European Union
40 Blvd. Du Regent
B-1000 Brussels, Belgium
Phone: 32-2-508-2111
Fax: 32-2-511-2092
E-mail: Brussels.office.box@mail.doc.gov
Internet: www.buyusa.gov/useu

One of the responsible organizations for ensuring compliance with technical norms and safety specifications and compulsory standards is:

TUEV – Technischer Ueberwachungsverein Rheinland/Berlin-Brandenburg
(German Technical Inspection Association Rhineland/Berlin-Brandenburg)
Am Grauen Stein
51105 Koeln
Phone: 49-221-806-0
Fax: 49-221-806-1760
E-mail: immi@de.tuv.com
Internet: www.tuev-rheinland.de

Information in English on testing and approval procedures or any other information on German industrial and safety standards and technical specifications may be obtained directly from offices of TUEV affiliates in the United States. Their website is:
www.us.tuv.com

A source of information on German industry and product standards is:

Deutsches Institut fuer Normung e.V. (DIN)
(German Institute for Standardization)
Burggrafenstrasse 6
10787 Berlin
Phone: 49-30-2601-0
Fax: 49-30-2601-1231
E-mail: postmaster@din.de
Internet: www.din.de and www.beuth.de

Associations and Market Research Institutions

Bundesverband Druck E.V.
(Federal Association for the Printing Industry)
Biebricher Allee 79
65187 Wiesbaden
Phone: 49-611-803-0
Fax: 49-611-803113
E-mail: info@bvdm-online.de
Internet: www.bvd-online.de

VDMA – Verband Deutscher Maschinen und Anlagenbau
(Association of German Manufacturers of Printing and Paper Equipment and Supplies)
Lyoner Strasse 18
60528 Frankfurt
Phone: 49-69-6603-1451
Fax: 49-69-6603-1675
E-mail: dup@vdma.org
Internet: www.vdma.org/druck+papier

Major Trade Publications

Deutscher Drucker Verlagsgesellschaft mbH
Riedstrasse 25
73744 Ostfildern
Phone: 49-711-44817-0
Fax: 49-711-442099
E-mail: r.staudenmeir@publish.de
Internet: www.publish.de

Druckspiegel Verlagsgesellschaft mbH
Borsigstrasse 1-3
63150 Heusenstamm
Phone: 49-6104-606306
Fax: 49-6104-606444
E-mail: druckspiegel@t-online.de
Internet: www.druckspiegel.de

Trade Promotion Opportunities

An excellent trade promotion vehicle is participation in a major German printing equipment trade fair. Exhibiting at a fair can not only produce direct sales, it is also a cost-effective instrument for testing the receptivity of the print market and assessing the strength and scope of competition. Due to their international scope, German fairs also provide a gateway to other European and international markets. The following show is the world's leading show in the printing sector:

Event: Drupa 2008 (International Trade Fair for Printing and Paper)
Site: Duesseldorf

Date: May 29 to June 11, 2008
Organizer: Messe Duesseldorf GmbH
Postfach 101006
40001 Duesseldorf

Phone: 49-211-4560-01
Fax: 49-211-4560-668
E-mail: info@messe-duesseldorf.de
Internet: www.messe-duesseldorf.de

This trade show, which is held every four years, is the most important trade show for the printing and paper industries in Germany and Europe. In 2004, 1,862 exhibitors from 52 countries participated in the event. A total of 394,000 trade visitors from 122 countries attended.

For further information on the Drupa Show or the German printing and graphic arts market, please contact:

Ms. Birgit Hesse, Commercial Specialist
The U.S. Commercial Service
U.S. Consulate General
Willi-Becker-Allee 10
40227 Duesseldorf
Phone: 49 211-737767-70
Fax: 49 211-737767-67
E-mail: Birgit.Hesse@mail.doc.gov
Internet: www.buyusa.gov/germany/en

Companies interested in learning more about the services offered by the U.S. Department of Commerce can call the Trade Information Center at a nationwide toll-free number: 1-800-USA-TRADE (1-800-872-8723). The Center is open from 8:30 a.m. to 5:30 p.m. Monday through Friday, Eastern Time. A fax retrieval system is also available 24 hours a day through 1-800-USA-TRADE. Or, you can reach us through our websites: www.export.gov/cs or www.buyusa.com.